

***STRATEGIC OPTIONS FOR INITIATING
VOLUNTARY AND INTERNATIONAL
FOREST MANAGEMENT
CERTIFICATION IN BOLIVIA***

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Strategic Options for Initiating Voluntary and International Forest Management Certification in Bolivia

Proyecto BOLFOR
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ACRONYMS

BOLFOR	Bolivian Sustainable Forest Management Project
CDF	Centro de Desarrollo Forestal
CIMAR	Centro de Investigación y Manejo de Recursos Naturales Renovables
CITES	Convention on International Trade in Endangered Species
FAO	Food and Agricultural Organization of the United Nations
FAN	Fundación de Amigos de la Naturaleza
FSC	Forest Stewardship Council
ITTC	International Tropical Timber Council
ITTO	International Tropical Timber Organization
LEI	Indonesia Ecolabeling Foundation (Lembaga Ecolabeling Indonesia)
LIDEMA	Liga de Defensa del Medio Ambiente
NGO	Nongovernmental organization (typically used in Bolivia to refer to nonprofit environmental or conservation organizations)
PP	Project Paper
SERFOR	Servicio Forestal
SNV	Servicio Holandes de Cooperación Técnica y Social
SW	Smart Wood Program of the Rainforest Alliance
TRD	Tropical Research and Development, Inc.
USAID	U.S. Agency for International Development
WWF	World Wildlife Fund

EXECUTIVE SUMMARY

A preliminary certification action plan for the Bolivia Sustainable Forest Management Project (BOLFOR) was developed by the consultant (R. Donovan) with assistance from BOLFOR staff and a forest management consultant (Robert Simeone). This plan was developed after interviews were conducted with public and private-sector agencies, as well as separate interest-group specific meetings with nonprofit conservation organizations, forest industry, and government. A two day field trip to timber harvesting sites also took place. The final input to the consultant was a one day seminar on forest management certification organized by BOLFOR and the consultant, held in Santa Cruz, and attended by over sixty individuals from government, forest industry, environmental organizations, and the scientific community.

Conclusions derived from these activities include the following.

1. This is a particularly uncertain time, a new Forestry Law is being debated (which proposes obligatory, national certification of all forest concessions as well as a new national forest service) and CITES Appendix 2 listing of *Swietenia macrophylla* (or Amara@) is possible.
2. In spite of the above, there is strong interest in both public and private sectors in independent, voluntary, and internationally recognized certification as being explored by BOLFOR, due principally to concerns about future markets and the current low- quality of forest management.
3. The government supports voluntary international certification as a tool for improving forest practices and market acceptance of Bolivian forest products that should be implemented, with the private sector leading the way and government playing a supporting, complementary role.
4. BOLFOR is looked upon as an appropriate catalyst for developing a certification mechanism in Bolivia, though it is also clear that BOLFOR would not be a certifier, rather it should help in developing a long-term Bolivian capability in certification.
5. Forest management certification in the Bolivian context faces major challenges in terms of
 - (a) Systematic forest management and timber harvest planning (few operations really do this).
 - (b) Ecologically based silvicultural systems design (most harvesting focuses on one to three species, to the apparent detriment of the commercial viability of the forest as a whole).

- (c) Hunting, some animals that are hunted are on threatened or endangered species lists; in theory only indigenous groups are legally permitted to do so, but hunting is a major food source for most forest workers as well as communities near forest concessions).
 - (d) Agricultural conversion, many forest concessions are threatened by spontaneous farmers settlement.
 - (e) Fairly obvious polarization between different interest groups, particularly industry, nongovernmental organizations, and some agencies in the public sector.
6. Any major certification effort must have clear and strong ties with the international certification efforts currently being coordinated by the Forest Stewardship Council (FSC).

Based on the above, this draft strategy proposes the following activities for BOLFOR.

1. To minimize confusion with mandatory national forest concession certification, as currently described in the proposed forestry law, BOLFOR should consider using the term *sello verde forestal* to denote, identify, or distinguish international voluntary certification. Though seemingly symbolic, it is crucial for certification program development that this distinction become clear to everyone, in the government, forest industry, and the conservation communities. *Sello verde forestal* should become equivalent with voluntary, international, and market driven. The terms *Acertificacion nacional* would be suggested for use in relation to the government's proposed mandatory forest concession certification system.
2. BOLFOR should develop an organizing committee (*Acomite organizador*) for certification, including four to six high-credibility forestry specialists from different disciplines (e.g., forestry, ecology, and social sciences) and interest groups (e.g. nongovernmental organizations, industry, scientific community, and public sector).
3. The work of the committee should focus on the design and implementation of a process to develop draft natural forest management certification standards for lowland forests in northern and eastern Bolivia.
4. Simultaneously, BOLFOR should use the work of this committee and other efforts on the part of BOLFOR staff to investigate further the legal and institutional options available for a long-term certification structure. This would include identification of either individuals or organizations that might be committed participants in a permanent viable certification structure; and, supporting training activities and seminars that will improve Bolivian understanding of forest management certification for each of the following target groups: decision makers, forest managers, primary and secondary processing companies, conservationist and indigenous peoples' nongovernmental organizations, and the general Bolivian

public and consumer. It is particularly important that BOLFOR maintain constant contact with the incipient Forest Stewardship Council, organize seminars further to educate public and private agencies and individuals in terms of what certifiable forest management is, and continually seek opportunities to train Bolivians in certification skills.

SECTION I INTRODUCTION

The consultant visited Bolivia in October 1994 to assist the Bolivian Sustainable Forest Management Project (BOLFOR) in the design of a projectwide certification strategy. Terms of reference for the consultant are attached as Appendix 1.

According to the project paper, certification objectives for BOLFOR include:

1. The establishment of an internationally recognized certification mechanism in place by 1996 and able to service both project-assisted and other forest product groups.
2. Four or more project-assisted forest products certified through this mechanism (two in 1997 and two in 1999).
3. Training of fifty people (twenty-five in 1995, twenty-five in 1998) in certification (and the national forestry law).

To achieve the above, it was proposed in the project paper that the following activities would take place:

1. Institutional evaluation of organizations and methods (national and international)
2. An internal workshop
3. Public seminar, or series of workshops, on what is certification, to serve as a basis for forming an action plan
4. Development of the action plan for certification
5. Training.

This consultant worked with BOLFOR staff and another TR&D consultant, Robert Simeone, to begin BOLFOR's efforts in certification. Of the activities listed above (1B5), portions of all of them were conducted. Details on each of the above are provided in section 4, Activities implemented.

A summary schedule of events during this consultancy appears on the following page:
Events occurring during this consultancy

Date	Location	Meetings
October 4	Arrival, La Paz	Ministry of Sustainable Development FAO
October 5	La Paz	Bolivian Forestry Action Plan
October 6	Santa Cruz	Camara Nacional Forestal/Santa Cruz
October 7	Santa Cruz	Nongovernmental organizations meeting
October 8	Moirá Concession	Harvest sites with BOLFOR staff
October 9	Moirá Concession	Harvest sites with BOLFOR staff
October 10	Santa Cruz	Working session with BOLFOR staff CIMAL Plywood Plant and Sawmill La Chonta Sawmill
October 11	Santa Cruz	All-day certification workshop
October 12	Santa Cruz	Working session with BOLFOR staff
October 13	La Paz	Ministry of Sustainable Development USAID/Bolivia
October 14	Departure	

SECTION II

KEY ELEMENTS OF A VOLUNTARY FOREST MANAGEMENT CERTIFICATION PROGRAM

Since the start of voluntary forest management certification efforts in 1989, a better understanding of the basic elements has occurred. Based on this experience, the following are the suggested key elements for a credible program.

A. Realistic Region-Specific Certification Standards

Credible certification requires the development of region-specific certification standards. Why? There are four main reasons.

First, no single set of standards will apply to all situations. To attempt to do so would be an unfair imposition. Rather, there should be consistent principles and criteria that form a basis upon which realistic region-specific standards can be developed.

A second reason for region-specific certification standards is that, to some extent, credibility of a certifier rests on the degree of public accountability, to scientists, forest industry, environmental organizations, government, national standards organizations, and the general public. The past few years of certification experience indicate that published standards are the best way of achieving this.

Third, a well-designed process for developing region-specific standards will allow for broader input into certification. Such input will increase the likelihood of success for the certification program by facilitating increased local understanding of what certification means and how it works.

Fourth, the existence of written region-specific standards will make the work of certification teams much easier. Candidate organizations will better understand how certification decisions are reached, assessment team members will be able to define responsibilities more clearly and to complete them during an assessment, and the standards provide a consistent basis for discussions.

Successful development of such standards is not easy. Typically, certification standards are developed by a regional committee made up of the following types of people:

Consulting forester	Social scientist	Logger
Wildlife ecologist	Forestry researcher	Business person
Landowner	Indigenous person	

This committee will be required to research existing laws, and administrative requirements of the local forestry agency. Committee members must have a willingness to listen to different opinions from all perspectives. They must have a sense of what ideally should take place, but balanced with a pragmatic sense of what is realistic to achieve.

Above all, the development of such standards will require a long-term commitment to continual improvement. Currently, most standards are being revised by the standards committee or the certifier staff on an annual basis.

A final comment is necessary on standards. One of the strengths of the current certification movement is that *it does not suggest a single definition of sustainable forestry that is transferable to all situations and conditions*. Rather, sustainability is a goal, and the process of region-specific standards development is seen as a way of defining what steps might lead toward sustainability. It is crucial to understand that certification does not attempt to quantify or qualify sustainable forestry definitively. Certification attempts to reward the forestry operations that are consistently making serious, long-term efforts to manage forests keeping in mind silvicultural, ecological, and socioeconomic management objectives.

B. Local Inspection Capability for Forest Management and Chain-of-Custody

Certification requires site-specific initial assessments and follow-up audits in terms of forest management and chain-of-custody. Chain-of-custody refers to:

AThe channel through which products are distributed from their origin in the forest to their end use@ (from Forest Stewardship Council, APrinciples and Criteria for Natural Forest Management,@ June 1994, Oaxaca, Mexico).

Initial assessments of forest management are usually conducted by a two- to four-person team comprised of specialists from different disciplines, typically including a forester, ecologist, and socioeconomic. Such assessments may include from seven to twenty-one days of fieldwork Ain the forest,@ plus an equivalent amount of writing/analysis time. These assessments also include a process of independent peer review (usually by three peer reviewers). Costs for such assessments can range from US\$5,000B\$75,000, depending on the certification organization chosen, the size and complexity of the candidate forestry operation, and the range of ecological, silvicultural, and socioeconomic issues being faced by the candidate operation.

Virtually every major certification program conducts annual, and sometimes random, audits of every operation that it certifies. Chain-of-custody auditing has great similarities with financial auditingCindeed financial auditors are well-suited to the job after training in some aspects of forest products manufacturing. Chain-of-custody requires:

- C Office work: review of invoices, general ledgers, bills of lading, the General Agreement on Trade and Tariffs (GATT) Certification of Origin, etc.; and,
- C Visits to Ain the forest@ logyards, lumberyards, transport, and shipping centers, primary and secondary processing centers, and wholesale and retail outlets.

Techniques used by forest industry for chain-of-custody within their own operations range

from simple field book record-keeping to higher technologies such bar-code labeling. Thus, chain-of-custody auditors should be familiar with this range of technologies, typical shortcomings, and what processes need to be in place in order to ensure that chain-of-custody controls by a specific company are up to certification standards.

Forest auditing requires technical skills in the areas being evaluated. Whereas initial forest certification assessments are usually conducted by teams of two to four people, a typical audit is conducted by one person, usually a forester, who is following up on issues identified during the initial certification assessment.

All of the above should make it quite clear that the key skills for creating and managing a certification program must include forestry, environmental, and socioeconomic assessment, systems analysis, and auditing (financial and environmental). As with any new program, it will also require leadership and organizational skills as well.

C. International Links with the Forest Stewardship Council

The idea of an international accreditation body for forest management certifiers was initially broached in November 1990. Since then, the Forest Stewardship Council has gradually taken form as that body. In September 1994, the the Forest Stewardship Council=s Founding Members (130 individuals from twenty-five countries) and Board of Directors voted to approve three basic documents that will lead to its formal establishment:

- C FSC Draft Statutes
- C FSC Principles and Criteria for Natural Forest Management
- C FSC Guidelines for Certifiers

A main office has been established in Oaxaca, Mexico, and the Forest Stewardship Council has just begun the process of conducting accreditation reviews of candidate certification organizations.

Though there continue to be debates about the Forest Stewardship Council in many fora (see section 5.1), it is now the only international institution focused on forest management certification, and specifically the accreditation of forest management certifiers. It is working in all forest types.

Given that BOLFOR has proposed that international credibility be a crucial element of any Bolivian certification mechanism, it is clear that interaction with the Forest Stewardship Council will be important.

SECTION III

CURRENT FOREST MANAGEMENT CONDITIONS IN BOLIVIA

Forestry is at a particularly interesting time in Bolivia, particularly in relation to certification. A new forestry law being debated proposes a Bolivian Forest Service, mandatory government certification of forest concessions, and a variety of other structural and technical changes in the way the government will be involved in forest management. Mahogany (*Swietenia macrophylla*) is being proposed for Appendix II listing under the Convention for International Trade in Endangered Species (CITES). Next year a high-level commission organized by the International Tropical Timber Organization (ITTO), at the request of the government of Bolivia, will visit and conduct an overall review of the forestry sector in Bolivia. Lastly, there is increasing pressure from markets, particularly in Europe, for Bolivia to provide mahogany and other forest products that have been independently certified from a forest management perspective. Following is a short discussion of the most potentially important issue in terms of certification—the new proposed mandatory government certification.

The new Bolivian forestry law that is being debated has implications for certification. Certification is mentioned in the new law, *but as a mandatory system for all forestry concession holders*. This type of certification would require independent external audits of all forest concessions at least once every five years. It is not stipulated what organization(s) will conduct these audits, though it is expected that this will be done independent nongovernmental institutions or inspection agencies according to specifications developed by the government. The guidelines for such audits would be developed by the Ministry of Sustainable Development, most likely through the new national forest service that is also being created.

The discussion of certification in the new forestry law is creating some confusion. Because of the law, many people appear to believe that a certification^a represents something such as what is described in the law—a mandatory, government-supervised effort to force increased compliance with Bolivian laws.

Obviously, this type of certification is *not* what is being focused on by the BOLFOR project. The type of voluntary international forest management certification being explored by BOLFOR differs in the following key ways:

1. Voluntary certification is a private sector-driven process; government participation in this type of certification has typically been in an observer^a role, with government forestry or standards specialists participating largely as *individuals* (i.e., not as agency representatives) contributing during the certification standards development process, and not being formally involved in any other phase of the certification process.
2. Voluntary certification attempts to provide a positive market-based incentive for producers that meet agreed-upon forest management standards; though it may be a complement to national or local laws, it is *not* a mechanism to force legal compliance.

3. Worldwide, voluntary certification has evolved through market demand largely in the export sector; thus for Bolivia it is particularly important because the country is very dependent on revenues from export-oriented forest products.
4. Voluntary certification requires annual audits.

Notwithstanding the above differences, there is an opportunity for synergy between the two types of certification if their different roles can be understood and clarified. For example, country-specific, and perhaps even region-specific (e.g. lowland forests), certification standards will have to be developed, in Bolivia, for the voluntary international certification process. The mandatory system will also have to have guidelines. Whichever occurs first, the standards/guidelines will be able to provide at least some of the basis for the other system. In fact, these systems must be complementary and not contradictory.

Second, as per the proposal law, all concessions will have to undergo an audit once every five years under the mandatory system. Under the international voluntary system, audits will be required every year. Given the stringency of the international voluntary system, it may be possible for the annual audits to provide sufficient information to the government to satisfy their needs for auditing under the mandatory system. Thus another separate audit every five years would not be necessary for forestry operations that are certified under the international voluntary system.

Lastly, at least in theory, these different certification systems are serving a common educational purpose by stressing the importance of making sustainable forest management the long-term goal, from ecological, silvicultural, and socioeconomic perspectives, to the Bolivian public, industry, environmental organizations, and government. They also both emphasize accountability. Experience elsewhere has shown that the development process for certification standards provides a very useful basis for concretely establishing, in practice and in writing, what sustainable forest management might really mean. As discussed in previous sections, experience indicates that forest sustainability cannot be immediately defined or achieved. Rather, sustainability serves as a goal to be worked toward over a period of time, taking advantage of our increasing knowledge of forest ecosystems, markets, potential wood utilization, and other variables. If there is congruity between the mandatory national and international voluntary certification systems, a common message regarding the concept of forest sustainability will be transmitted to all parties concerned. This should have long-term benefits.

SECTION IV

ACTIVITIES IMPLEMENTED

A. Institutional Evaluation of Organizations and Methods (National and International)

During this consultancy, the basic approach was to begin to design a private-sector managed, internationally credible, and voluntary certification structure (potentially system). Thus the basic emphasis was on finding some way of developing private-sector institutions that would manage the certification system. However, because government is so involved in forest management, this also required that the role of national and international government institutions be explored. Following are comments on some of the relevant institutions and sectors.

B. International Tropical Timber Organization

Many parties in Bolivia place a high degree of importance on the International Tropical Timber Organization. This consultant was asked many times if the International Tropical Timber Organization will be assuming a formal role in certification. This consultant was a formal participant in the June 1994 Cartagena meeting of the International Tropical Timber Organization, which included a three day working party on certification. Through both the working session, and the formal meeting of the International Tropical Timber Council (ITTC), fairly clear short-term positions on the part of the International Tropical Timber Organization became clear. First, there is a very wide range of opinions among International Tropical Timber Organization members about certification. There was no consensus at the meeting either for, or against, certification. Second, as manifest in the final record from the working party and the ITTC, International Tropical Timber Organization members (roughly fifty governments, the private sector only participates in observer status or as part of the government delegations) believe that international certification must apply to all forest types and should be voluntary. Third, given the previous statement, and the International Tropical Timber Organization=s current mandate to focus solely on trade in tropical timbers, the International Tropical Timber Organization should not play a formal role in certification as either a certifier, or accreditor (approval agency) of certifiers. Fourth, because of certification=s potential implications for the tropical timber trade, the International Tropical Timber Organization should and will monitor certification in terms of its impacts (positive or negative) on the tropical timber trade. As a follow-up to the Cartagena meeting, the International Tropical Timber Organization is currently in the process of designing a research project that will further explore the costs and benefits of certification in terms of the timber trade and sustainable forest management. Approval of the terms of reference and budget for this research project is to be put to vote at the November 1994 Yokohama meeting of the ITTC.

So where does this leave the International Tropical Timber Organization in terms of Bolivia and certification? In 1995, the government of Bolivia has invited the International Tropical Timber Organization to sponsor a high-level mission visit to Bolivia to provide assistance in guiding the Bolivian forest sector toward sustainability. The terms of reference for this high-level mission will be debated at the November Yokohama ITTC meeting. It may be that certification will be on the mission=s agenda, though there are many other topics that presumably might

receive a higher priority (e.g. policy, a review of the new forestry law, pilot projects, research, etc.). Thus, at this time, it appears that the International Tropical Timber Organization's role in terms of certification and Bolivia will be one of observership. This may change in the future depending on changes within the International Tropical Timber Organization (e.g. policy on inclusion of all forests), though this consultant does not believe that this will occur very soon (i.e., in the next 3 years).

C. Bolivian Ministry of Sustainable Development

This Ministry has the lead role in forestry matters. Currently these efforts are managed through the Secretaria de Recursos Naturales Renovables y Medio Ambiente, with input from regional department level Centros de Desarrollo Forestal (CDF). However, this structure will soon see major changes. Through the proposed forestry law, a new institution, the Servicio Forestal (SERFOR), would be established over the coming months. The same law proposes the mandatory forest concession certification system.

With all of these possible changes, one might expect the Ministry to be ambivalent or uncertain about voluntary international certification. This is not the case. Though the Ministry certainly will have questions about voluntary international certification in the future, various high-level Ministry representatives were unequivocal in their support of it. This included a very clear position that such certification should be a private sector-driven and managed, i.e., that the government should have, at most, an observer role in the process.

In the coming months it will be important to follow the process of the new law, and the subsequent administrative/managerial process for implementing it. This consultant believes that the current government will remain supportive of international voluntary certification and that the government will maintain an observerlike role. However, it would be prudent for appropriate representatives of this institution (or the new SERFOR) to participate, at least as observers, in the working committee that begins to establish voluntary certification standards. This will ensure that a positive interaction continues with the Ministry on this topic, and this will maximize the potential favorable synergy with the new national mandatory certification efforts stipulated under the new law.

D. National Nongovernmental Organizations

Several nongovernmental organizations were interviewed or participated in either the Santa Cruz certification seminar or initial, small Santa Cruz and La Paz nongovernmental organizations meetings. These nongovernmental organizations include Liga de Defensa del Medio Ambiente (LIDEMA), Fundación de Amigos de la Naturaleza (FAN), Pro-Bioma, World Wildlife Fund, Servicio Holandes de Cooperación Técnica y Social (SNV), as well as university research groups such as Centro de Investigación y Manejo de Recursos Naturales Renovables (CIMAR). While all indicated an interest in giving input to voluntary international certification, none of these or other groups, understandably, have had sufficient experience with certification to give them confidence in making medium- or long-term commitments to implementing certification. However, it was also clear that virtually all of them saw voluntary international certification as playing a very important role in improving Bolivian forestry practices.

E. Forest Industry Groups

Through the Santa Cruz seminar and numerous individual and group meetings with representatives of forest industry, it became quite clear that there is very much a divided opinion about voluntary international certification among this interest group. Representatives of both the Camara Nacional Forestal Distrito La Paz and Distrito Santa Cruz indicated interest in, and support for, this type of certification. Yet various individual representatives of industries ranged widely in their views—some feeling quite positive about it, others quite negative, many ambivalent and not sure what it would mean for them.

This phenomena is both understandable and, in this consultant's mind, appropriate. For most Bolivian forest industries (some people would say all), voluntary international certification implies fairly important changes in forest management practices, market dynamics, and, ultimately, the way these companies go about doing their business. Again, as in the case of Bolivian nongovernmental organizations and government specialists, few people have had very much exposure to the topic of certification. Also, since the Bolivian forestry sector is so dependent on export markets, voluntary international certification could have extremely important implications.

F. Workshops and Seminars

As described above, the centerpiece of this consultancy was a full-day certification workshop in Santa Cruz, attended by over sixty participants from all sectors. The emphasis during this seminar was to present the concept and practice of voluntary international certification. The workshop was not intended to reach closure on future directions or any other major topic. It was to serve as a forum for discussion, to assist BOLFOR (and this consultant) in determining what steps might be taken to continue its efforts on this topic.

In addition to the formal workshop, there were a series of other smaller working group meetings, with nongovernmental organizations, forest industry, USAID/Bolivia staff, BOLFOR's wildlife management research group, and BOLFOR staff.

G. Development of the Action Plan for Certification

This consultancy begins the process for more fully debating international voluntary forest management certification. A strategy is proposed, which could also later be turned into an action plan. This consultant believes that an action plan should include a clear timeline of activities. At this time the consultant is uncomfortable proposing such details. Such a plan would be better developed by a Bolivian working group or committee, with assistance from BOLFOR. A process for doing so is proposed later in this report.

H. Training

At a very superficial level, the process of training in the field of voluntary international forest management certification has already begun, through the different meetings and the Santa Cruz seminar. However, there will be a need for more intensive training in a number of different fields. Fortunately, there already are at least two positive initiatives in Bolivia.

First, World Wildlife Fund is sponsoring a training program for forest industry that focuses on the giving industry the capability to produce Acertifiable forest management plans.@ This program is directly related to international voluntary forest management certification through its close affinity to the FSC Principles and Criteria for Natural Forest Management (which are being used to guide the process) and to close interaction between the program=s leaders and many people involved in the Forest Stewardship Council's process. There is a tremendous opportunity for close collaboration between BOLFOR and this training project.

Second, SNV is currently implementing an effort to support certification, particularly of community-based forestry projects in Bolivia. They have hired a Bolivian who is in the process of becoming a Acertification specialist,@ and SNV is very interested in seeing initial certification assessments done on community-based forestry projects, even if they do not immediately result in the operation becoming certified. Again, this is an area in which collaboration between BOLFOR and SNV is very important.

In the medium term of one to five years, training will be necessary in a number of different areas. Following is a short list of those areas, with some initial suggestions or ideas.

H1. Region-Specific Certification Program Design

For international voluntary certification to be successful, sooner or later a Bolivian institution will have to be directly involved in the process. There are international and region-specific certification programs being initiated throughout the world, by both for-profit and nonprofit organizations. BOLFOR should consider either sponsoring a course, or training workshop, or sending Bolivians to such workshops that may take place in the region. The Rainforest Alliance=s Smart Wood Program is currently in the process of designing such a training workshop, to be held in Central America during 1995.

H2. Forest Auditing

Bolivians will have to receive field-oriented training in forest and chain-of-custody assessment skills.

H3. Certifiable Forest Management Skills

Bolivian forest industry will have to receive training in what it takes to become certified. Fortunately, the WWF training program is already conducting such training, which should be given further support in the future, so that the number of participants can be expanded. BOLFOR and WWF might also consider jointly sponsoring a two- to five-day workshop, held every six months, in which they present some very initial information on Awhat it takes to be certified@ to a broader industry audience. This will help in terms of the overall education of forest industry in terms of certification, and will also allow WWF to identify new, serious candidates for the longer term, more intensive training program.

SECTION V

STRUCTURAL OPTIONS FOR THE BOLFOR CERTIFICATION INITIATIVE

At the end of the fieldwork, no immediate structure was apparent for the certification effort. Also, though there appear to be some organizations that are potentially interested in being an actual certifier, this consultancy was the first relatively in-depth effort on certification in Bolivia. Everyone was learning a lot about certification and still Aprocessing@ this information. Thus, it was not, and is not, appropriate to expect that lead institutions will be identified and a viable long-term structure established.

It should also be clarified that there may be more than one certification institution functioning in Bolivia. In many countries there are multiple certification organizations (e.g. in the U.S. there are four, in the United Kingdom two, etc.), some for-profit, some not-for-profit.

Patience is the key word in developing a certification structure. It will take time to sort out a number of important questions about this structure, as well as lead individuals and institutions, certification procedures, and mechanisms for financial and material support. BOLFOR has indicated that its goal is to assist in establishing such a structure by 1996. The consultant believes that this is an appropriate time frame.

Following is a short analysis of each of four potential structural options that exist at this time. There are innumerable variations possible. Obviously, this is an opportunity for creativity.

A. Option no. 1: National Office of the Forest Stewardship Council

The Forest Stewardship Council is currently discussing with a number of Brazilian nongovernmental organizations and Brazilian forest industry the establishment of a national Forest Stewardship Council office in Brazil. This office would:

- C Coordinate development of national or regional certification standards in Brazil.
- C Accredite and monitor all certifiers working in Brazil, in coordination with the Forest Stewardship Council's central office in Mexico.
- C Serve as a focus point of contact for all certification activities in Brazil.

This office would *not* certify forest products.

The need for this office is predicated on the assumption that independent and voluntary forest management certification is here to stay (which the author of this report finds difficult to certify at this time). It also assumes that there are, or will be, many certifiers who will work in Brazil (which the author of this report finds safe to say). It assumes that there will be sufficient need and resources to monitor the work of these many certifiers (which the author of this report finds it difficult to forecast at this time). To be frank, it is also a control issue. Rightfully, Brazilians want to control which organizations are conducting certification in Brazil, and how.

The question is whether such a structure is necessary or prerequisite for ensuring the type of certification that Bolivians either will want or need.

A1. Advantages.

- C Brazil is currently setting up this type of structure (still evolving at this time), so lessons can be learned from this experience.
- C This type of system maintains strong country-level control over all certification efforts in Bolivia.

A2. Disadvantages.

- C It may be too early to know whether voluntary forest management certification is here to stay; as such the development of such an office may ultimately prove unnecessary.
- C Investing BOLFOR=s resources in establishing an operation which ultimately does not really do certification may cause problems; it may mean that BOLFOR can only indirectly ensure that certification actually does take place.
- C Experience from Brazil so far shows the process of establishing such an office to be highly political. However, this politicization may be because of conditions (e.g., country size, population, number and strength of industry and environmental nongovernmental organizations) in Brazil that do not exist in Bolivia.

A3. Observation/Recommendation

- C It is too early for this structure. The consultant is also concerned about the overall wisdom of establishing such offices, even in Brazil, due to cost and administrative/bureaucratic concerns.

B. Option no. 2: Creation of a New Independent Nongovernmental Organization

There are a number of countries where new nongovernmental organizations are being established (or recently have been) to undertake certification efforts, e.g. Indonesia, Netherlands, Papua New Guinea, and Sweden. Malaysia is currently considering such an effort. The experience in Indonesia is particularly instructive in this regard.

During the past year, an Indonesian Ecolabeling Working Group has been working to design a region-specific certification effort for Indonesia, under the direction of highly respected Dr. Emil Salim, former Minister for Environment and Population, and at the request of the current Forest Minister of Indonesia, Ir. Djameluddin. There has been fairly detailed discussion and design work conducted for this effort, including two large seminars (one public, the other private) on certification held in September in Indonesia.

In theory, an autonomous nonprofit foundation would be established to manage ecolabeling, called the Lembaga Ecolabeling Indonesia (LEI, or Indonesia Ecolabeling Foundation). A Board of Trustees, made up largely of the members of the Working Group, would direct the foundation. Revenues for the foundation would come from a potential initial endowment to support basic operating costs, plus monies through an ad valorem forest certification tax that would be imposed on forest concession managers, on either an area managed- or volume produced-basis (more likely the former, though most current forestry taxes are collected through the latter), through the Ministry of Forestry and passed on to the Indonesia Ecolabeling Foundation.

Under the proposed scheme, the Indonesia Ecolabeling Foundation would:

- C Set certification standards; they are starting with natural forest management first.
- C Screen and approve proposed independent inspectors who would be identified for each assessment; nonprofit or for-profit inspectors are possible, existing certification programs (like Smart Wood, which has four years experience in Indonesia) would operate as inspectors if approved by the Indonesia Ecolabeling Foundation, using the foundation's standards.
- C Review all draft assessments.
- C Grant all certifications in Indonesia for use in the Indonesian market and international market; certification from other programs like Smart Wood could (in theory) apply at the same time on the same product when the forest concessionaire or industry has chosen Smart Wood (or a similar program) to conduct the initial assessment.

The effort has the strong support of the Indonesian Forestry Ministry; in fact this ministry is considering providing a long-term endowment to support the Indonesia Ecolabeling Foundation's efforts. The Forest Stewardship Council was a co-sponsor of the seminars in Indonesia, and a close link with the Forest Stewardship Council is envisioned by the Working Group. In theory, it appears that the Indonesia Ecolabeling Foundation will apply for Forest Stewardship Council accreditation and at the same time solicit Forest Stewardship Council to be a clearinghouse for all certification activities in Indonesia. It is not clear if this would mean that other certifiers could not work in Indonesia. It appears that they could, but would have to use the Indonesia Ecolabeling Foundation's guidelines and be approved to work in Indonesia by the foundation. There is still work being done on this aspect.

Obviously the Indonesia Ecolabeling Foundation model is just one example. In their case, the Board of Trustees is made up of different nongovernmental organizations Aself-appointed@ by the participating nongovernmental organizations and the Working Group leader. Another option that the Indonesia Ecolabeling Foundation is currently debating would be to have a forum, including conservationists, forest industry representatives, and scientists, all of whom support the concept of international voluntary certification, modeled on the Forest Stewardship Council,

which votes in a Board of Trustees.

B1. Advantages

- C An independent, clearly focused organization is developed that is solely focused on certification.
- C The Indonesian example provides a structure for involving a variety of different organizations, distributing responsibility, risk, and improving possibilities for getting the message out about the new organization. This broader participation can enhance credibility among all sectors.

B2. Disadvantages

- C Requires building a new, separate organization.
- C In the case of Indonesia, the proposed auditing system, with large auditing teams, is very elaborate; probably too complex, high cost, and labor intensive.
- C In the case of Indonesia, routing of monies for certification through the government would seem to be liable to political control or influence.
- C Initially will require strong support to maintain focus and ensure that all participants are active and share responsibility.

B3. Observation/Recommendation

- C This is probably the most applicable option for Bolivia, unless an existing nongovernmental organization decides to take the lead and become very focused on this. In any case, it will take time to develop. BOLFOR staff should be very patient in this process.
- C The Indonesian model is still evolving and though this consultant has major concerns, its structure should be monitored and given consideration. It requires strong leadership, e.g. Emil Salim=s role with the Indonesia Ecolabeling Foundation. A copy of the document describing the Indonesia proposals is attached as Appendix 2.

C. Option no. 3: Identification of an Existing Independent Nongovernmental Nonprofit Organization

The dominant mechanism for international voluntary certification is for an existing non-governmental organization to take the lead in certification. This is taking place in the U.S., United Kingdom, Papua New Guinea, Germany, Canada, and Mexico. In virtually every case, these organizations are in contact with the Forest Stewardship Council and planning to become accredited with that organization. Most of the organizations involved are nonprofit, though there

are two international for-profit forestry certifiers currently in operation (SGS-Forestry, Ltd., and Scientific Certification Systems, Inc.). The two for-profit certifiers have fairly detailed certification procedures that they follow, but have not developed specific certification standards per se. Virtually all the nonprofit organizations have gone through a process, with a working group or advisory board, to develop region-specific standards that are the basis for certification. The most fully developed nonprofit programs are the Rainforest Alliance=s Smart Wood Program (New York), the Soil Association=s Responsible Forestry Programme (Bristol, England), the Institute for Sustainable Forestry (California), and the Rogue Institute for Ecology & Economy (Oregon).

C1. Advantages

- C Takes advantage of an existing organization, reducing the need for major institutional development investments.

C2. Disadvantages

- C An appropriate existing organization may not exist.

C3. Observation/Recommendation

- C This is the consultant=s preferred option because it capitalizes on pre-existing institutional development, minimizes new institutional development requirements, and maximizes the resources that can be focused on developing technical capabilities. However, it is too early to determine whether an existing organization is appropriate or interested.

D. Option No. 4: Independent Nongovernmental Organization with Formal Links to Another Organization with Experience in Certification.

Currently SGS-Forestry (for profit) and Rainforest Alliance=s Smart Wood Program (nonprofit) have, or are in the process of setting up, regional affiliates. The advantage of such a link is that there would be ready access to technical support and/or training from such an organization.

D1. Advantages

- C Takes advantage of experience and technical support of partner organization
- C Can be set up through a temporary arrangement, that may, or may not, develop into a permanent relationship, depending on the conditions of the temporary arrangement.

D2. Disadvantages

- C This model can be viewed as unnecessarily influenced by outsiders.

D3. Observation/Recommendation

C This is an option that should be considered.

SECTION VI

SUGGESTED STRATEGY

Based on all of the above, the following provides a general strategy for BOLFOR to pursue at this time.

Step 1: Publicly and privately, BOLFOR should seek to clarify the difference between international voluntary certification and the government-proposed mandatory concession level certification. In order to minimize potential confusion, BOLFOR should consider using the term *sello verde forestal* to denote, identify, or distinguish international voluntary certification. Though this may seem symbolic, the consultant believes that this distinction is essential for certification program development. It is particularly important that BOLFOR consider different methods of making use of this term, and the distinction clear, through public information to everyone, in the government, forest industry and the conservation communities. As proposed, *sello verde forestal* should become equivalent with voluntary, international and market-driven. The terms *certificación nacional*, or *certificación a nivel de concesión* would be suggested for use in relation to the government's proposed mandatory forest concession certification system.

Step 2: Form an organizational committee (Acomite organizador@) of four to six people, which would work closely with BOLFOR to begin a process for developing certification standards for lowland forest in Bolivia. A strong core of committed/interested people is crucial, rather than a large group of representative organizations with unclear commitments. This committee should include, at a minimum:

- C Strong interdisciplinary coverage (e.g. forestry, ecology, social science).
- C Representatives from different sectors (e.g. industry, conservationists, indigenous people).

It would be expected that this committee coordinate a process to develop a first draft of lowland forest standards over a three- to six-month period. Though this committee might have a role in developing ideas for a long-term structure, this should not be assumed or be their first priority. They should focus on drafting initial standards.

Step 3: As this organizational committee works on the development of standards, BOLFOR staff would undertake further exploration in terms of possible structures. This will include further research on the Brazilian, Indonesian, and other initiatives. This time also allows for local Bolivian interest and initiative to develop (i.e., Agestate@) on the part of existing individuals or organizations.

Step 4: Other training activities are organized to broaden the exposure to all participants to certification requirements, methods, and current systems (see recommendation no. 3, section 8).

Step 5: In order to more fully explore the implications of certification for Bolivian forest industry, government, and the conservation community, BOLFOR should consider organizing a two day seminar/workshop, from three to six months from now, that would:

- C Spend one day focussing on certified forest products markets; and,
- C Spend one day discussing Awhat it takes to be certified in Bolivia.@

The latter will be able to take advantage of work conducted by the organizational committee on region-specific certification standards (indeed, a rough draft could be presented and debated) and interim results of the WWF training course. If there are international participants in this workshop (recommended), the presence of some of these participants might be used to gain further design input on the structure for certification in Bolivia. Potential participants in this workshop might include a representative of FSC, a wholesale or retail company specializing in certified products in Europe or North America, a Adevil=s advocate@ market representative, and potentially interested companies or nongovernmental organizations from throughout Bolivia.

SECTION VII

OTHER RECOMMENDATIONS

A. Recommendation 1: Translation of report into Spanish and its wide distribution

It is absolutely crucial that this report be translated into Spanish and distributed to key parties in the process. BOLFOR should also consider developing a one-page fact sheet, in Spanish, to be given to anyone, which describes its efforts in voluntary international certification. Key elements in this Acertification fact sheet@ should include:

1. Clarification of the difference between national mandatory forest concession certification and voluntary international certification, in particular emphasizing the private sectorBdriven aspects of the latter.
2. Actions BOLFOR is currently taking to develop certification standards and structure.
3. how the public can contribute and get more information on the process.

B. Recommendation 2: Review of this report

The consultant recommends that the following organizations be asked formally to review and provide written comment on this draft report:

1. International Tropical Timber Organization: given the very important role it will play in Bolivian forestry over the coming months,
2. Forest Stewardship Council: given the crucial role it is now playing in international voluntary certification, and,
3. International Wood Products Association, also known as IHPA: given its important role as an organization oriented toward export-oriented hardwood products.

C. Recommendation 3: Interaction with other similar initiatives

Though there are many other region-specific certification efforts worldwide, probably the most applicable efforts are in Indonesia, Mexico, Brazil, and Costa Rica. Given cost limitations, this consultant recommends that BOLFOR sponsor interactions with the certification efforts in Mexico and Costa Rica. This would include field trips. In Mexico, interaction should take place with Plan Estatal Forestal in Chetumal, with FSC headquarters in Oaxaca, with Estudios Rurales y Asesoría (ERA) in Oaxaca (a nonprofit organization currently working closely on Mexican initiatives with the Smart Wood Program), and PIQRO Flooring, a company based on the Yucatan peninsula that is entering certified markets.

In Costa Rica, interaction should take place with a variety of different organizations, including the Camara Nacional Forestal (which just endorsed voluntary international forest management certification), Portico, S.A. (a certified door manufacturer), Tropical American Tree Farms, S.A. (a certified tree plantation operation), and REFORMA (the USAID/Costa Rican sponsored forest policy and administrative reform project). It is particularly important that BOLFOR have interaction with REFORMA, which is now starting to implement a broad-based information campaign on *sello verde* (green certification) for the forestry sector throughout Costa Rica, with input from the Rainforest Alliance's Conservation Media Center.